FISCAL NOTE

HB 2122 - SB 2193

February 12, 1998

SUMMARY OF BILL: Amends the retirement law by providing that any retired state employee or teacher who has been retired for at least five full months on July 1 of each year will be eligible to receive an increase in their retirement allowance based upon any increase in the Consumer Price Index for the preceding calendar year, up to a maximum of 3%. Current law requires such employee or teacher to be retired for at least 12 months on July 1 to be eligible for such increase.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $11,510,000 Annual Amortized Cost
Increase Local Govt. Expenditures*:
$2,988,000 Annual Amortized Cost
$4,210,000 Annual Amortized Cost/Permissive
Other Fiscal Impact - Increase Federal/Other Expenditures:
$2,342,000 Annual Amortized Cost

Estimate assumes:

- Total lump sum liability to state government of $169,330,000
- Total lump sum liability for local government employees of $38,000,000 which is optional
- Annual amortized cost assumes a 20-year amortization of the lump sum liability
- K-12 teachers assumes a 60%-40% ratio between state and local funding

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport

James A. Davenport, Executive Director

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